3: Hiscocks G-4, 5 (1946-1949) 1953 EK1 Austria EK1

727 315 In the same way, against the ruthless and damaging methods by which Austrian oil-fields were developed can be set the amount of capital expended and the value of the results achieved. A great new source of national wealth was opened up with exceptional speed. The exploitation of this wealth by the Russians is the largest debit item in the Austrian–Soviet account. But it was only an indirect, and by no means inevitable result of German action and the War.

727 433 In the basic industries also there were certain considerations that offset the disadvantages and dangers of the change of emphasis in Austrian industry that the new developments involved. Had the Linz and Ranshofen works been liabilities alone, they could have been dismantled and abandoned after the War. But large sums of money had been invested in them, which Austria on its own would have had the greatest difficulty in raising. The decision to keep them both going, so far as the supplies of raw materials, coal, and electric current allowed, reflected Austrian realization of their value.

• [387] One major item in the economic legacy of the *Anschluss* period was an unqualified asset of great worth. A large nitrogen works suitable for the manufacture of artificial fertilizer was erected during the War at Linz. The site was chosen because the main substance required in the manufacturing process was coal-gas, and surplus gas was available in sufficient quantity from the Hermann Goering coking-plant. By November 1950 the works had produced a million tons of ammonium nitrate since the end of the War. Austrian agriculture had benefited considerably, and during the four years from 1947 to 1950 the export of artificial fertilizer had earned more than $25 million worth of foreign exchange. If foreign markets contract, experts consider that the whole production can be used with advantage in Austria. Food production would increase substantially as a result, and the scale of essential imports would be reduced.

433 Three times in a generation Austria has had to adapt her economy to radical territorial and political change. In 1918,

7/1 [Cf. category 116, pp. 75–76 — Analyst]

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provide the country's metal-finishing industries with the sheets, rods, and other forms of metal that they required. In this way the producer-goods industries would contribute to the success of the consumer-goods industries, which would become independent of imports and would give Austria's traditional skill and craftsmanship the opportunities they required. The benefit to the whole economy is indicated by the fact that a given weight of finished aluminium products has on an average five times the value of a similar weight of raw aluminium. An Austrian member of Parliament pointed out in 1947 that no skill would be required in Austria to buy 10,000 wrought-iron candlesticks, but that it might well be difficult to get hold of a handful of nails. Such a state of affairs would in the long run be inexcusable in post-War Austria, and it was one of the duties of the E.R.P. planners to make it impossible.

The Hermann Goering iron and steel works in Linz, which became the Vereinigte Österreichische Eisen- und Stahlwerke (United Austrian Iron and Steel Works) and are usually known as VÖEST, were planned for a total output of a million tons of iron and steel a year. Before the War ended five of the six blast-furnaces were completed, while the annual production of steel only amounted to 250,000 tons. It was important that the output of steel and sheet-metal should be greatly increased. With this end in view a large outlay of capital was planned for the installation of steel production plant and rolling-mills at Linz and for replacing the rolling-mill at Donawitz. The ERP long-term programme aimed at decreasing the value of pig-iron exports from $9 million to $5 million within four years and at simultaneously increasing the value of rolled steel products from $25 million to $34 million. At Ranshofen finishing works were planned that were capable of handling 15,000 tons of aluminium a year, a figure based on the estimated home consumption.

The nitrogen works at Linz were to be developed and adapted so as to produce 40,000 tons of sulphuric acid a year and 100,000 tons of ammonium sulphate. This would give to their products greater variety and competitive power in world

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markets, ammonium sulphate being more valuable and more suitable as a fertilizer for certain climates than ammonium nitrate.

The Steyr–Daimler–Puch Company was to be assisted in its programme of concentrating on products of special value to the national economy. The production of motor-cycles, cycles, and ball-bearings was continued, but at its main Steyr works the chief output consisted of diesel trucks, tractors, and omnibuses. An arrangement was made with the Italian Fiat Company by which Fiat passenger cars were to be assembled at Steyr, but no attempt was made to embark on the highly competitive passenger automobile production.

This comprehensive programme for the heavy industries involved a very large expenditure, and it was not surprising that in 1949 and 1950 nearly half the counterpart funds allotted for industrial purposes were devoted to the iron and steel industries alone.

Compared with the very significant help given under the European Recovery Programme to the heavy industries and the paper industry, Austria's other manufactures, most of which produced consumer goods, were, with the exception of textiles, largely neglected. Before the War about 75 per cent of Austria's industrial workers were employed in concerns in which there were less than 100 employees. Large enterprises played a bigger part in the country's post-War economy, but one of the reasons why the consumer-goods industries were neglected was that they were mostly still on a comparatively small scale. It was therefore difficult to organize assistance for them, and at the same time they lacked effective champions. Another reason was that they had, on the whole, suffered less from war damage. Apart from textiles, the manufactures that came off best were the electrical industries, which had lost a high proportion of their equipment from dismantling and had subsequently been nationalized. The ERP plan for Austria set out to raise the production of heavy industries in four years to 160 per cent of the 1937 level, while the target for consumer-goods industries was only 110 per cent of the 1937

d) Other industrial sectors.

652 Thirty million schillings were allocated
[393] in 1950 to the investment program of the electro and cable industry. However, only 13 million have been disbursed, while the rest was carried over to 1951. Although the program could not be fully carried out, it was possible to make some necessary improvements and modernizations in this branch.

[387] Of the means provided by counterpart funds (73 million schillings) the chemical industry was allocated 23.1 million schillings as late as December 1950. The major part of investments in this industry was allotted to the nitrogen industry (the nationalized Stickstoffwerke A.G., Linz) which is scheduled to receive a total investment of 45 million schillings. In the last quarter of 1950 a fertilizer bin with a capacity of 50,000 tons was made ready and put into operation. Moreover, an installation for the production of ammoniated-sulphate with a capacity of 95,000 tons annually will be constructed and put into operation in the summer of 1951. The nitrogen industry is one of the most important earners of foreign currency in Austria.

[289] The Austrian pulp and paper industry (one of the oldest and most efficient of Europe) is to receive a total of 490 million schillings for modernization according to the investment program 1950-52. Of this, 220.2 million schillings (70.2 million schillings, however, as late as in December) were allocated out of ERP funds in the year 1950. The counterpart funds and the plants' own funds were used to extend existing boiler rooms and work space and to build new ones. In the same way boilers, bleaching-machines and installation of new paper mill machinery to replace old units were provided. Paper and pulp production has reached the prewar level and can compete in the export market despite sharp competition.

[288] The Austrian textile industry received 90.2 million schillings in 1950 from ERP funds. It was used together with its own funds to provide new machinery.

323 For the extension of the glass industry a
652 total of 95 million schillings was provided out of counterpart funds. The glass industry received 14.1 million schillings in 1950 and, within the scope of the release for December (which, however, will be effected as late as in 1951), 8.4 million schillings.

433 raw iron was increased to about 1.04 million tons (as
[387] compared to 883,000 tons in the preceding year) and the raw steel production to about 1.03 million tons (as compared to 943,350 tons in the preceding year). This increase in production was possible through an increase in mining output, which amounted to approximately 2.37 million tons in 1951, as compared to 1.86 million tons
[398] in 1950. In the car industry, emphasis lay on the pro-
[392] duction of tractors, heavy trucks, busses and motorcycles. Agricultural machinery production was 119 per cent higher in 1950, lathes 110 per cent higher, ball-bearings 327 per cent, nails and screws 56 per cent more than in 1937. Although the electrical industry
[393] had suffered most seriously from war damages and dismantling, and although various raw materials, mostly of foreign origin (such as electric thin-gauge plate, copper, lead and various special products), could be obtained only with difficulty, the total production in 1950 was double that of 1937. This favorable development has continued in 1951 despite the shortage in raw
[397] materials. The chemical industry reached a capacity far higher than before the war in spite of extensive war damages. The Linz Stickstoffwerke, for example, not only cover the domestic demand for nitrogen but export considerable quantities of nitrate of lime and phosphate. Production of the latter amounted to 525 tons per month in 1938, during the first six months of 1951 it reached an average of 35,000 tons per month. The results in some finishing and consumer goods industries lagged behind, but even so substantial increases could be reached, especially in enterprises which are important
[289] for export (for example, the paper industry). By 1950 three per cent more paper was produced than in 1937.

[316] A remarkable increase was made in domestic
[377] soft coal mining. The production of electric current rose from 3,050 million kwh, 1946, to 4,911 million kwh, 1950, an increase of 61 per cent. This remarkable increase of capacity in 1950 is almost exclusively due to water power, the production of which increased to 690 million kwh. In extending and financing electric power projects differentiation must be made between finishing started projects (water-power plants, steam plants, transmission lines and transformers), new construction, international projects, export, and projects of local importance (see Wirtschaftsberichte No. 12, October 1951: "Oesterreichische Wasserkräfte als Beitrag zur Energieversorgung Westeuropas," by Erich Heller and Oscar Vas).